

Washington State Auditor's Office
Accountability Audit Report

Town of Friday Harbor
San Juan County

Audit Period
January 1, 2003 through December 31, 2003

Report No. 67528

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Washington
State Auditor
Brian Sonntag

Audit Summary

Town of Friday Harbor San Juan County January 1, 2003 through December 31, 2003

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Town of Friday Harbor for the period January 1, 2003, through December 31, 2003.

We performed audit procedures to determine whether the Town complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

RESULTS

The Town complied with state laws and regulations and its own policies and procedures in areas we examined. However, we noted certain issues we communicated to the Town's management. We appreciate management's commitment to resolve the issues.

RELATED REPORTS

Our opinion on the Town's financial statements is provided in a separate report, which includes the Town's financial statements.

CLOSING REMARKS

We appreciate the Town's prompt attention to resolving prior audit issues and its commitment to ensuring compliance with conditions reported this audit. We thank Town officials and personnel for their assistance and cooperation during the audit.

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Description of the Town

Town of Friday Harbor San Juan County January 1, 2003 through December 31, 2003

ABOUT THE Town

The Town of Friday Harbor is on the east side of San Juan Island, the second largest in a chain of 172 islands in the north end of Puget Sound. The Town was incorporated in 1909 and is the only incorporated town in San Juan County. It serves as the county seat and is the economic center for the surrounding islands. The economy of the Town is largely based on recreation, tourism and service activities. The Town's population was approximately 2,000 in 2003. The Town has a mayor-council form of government. Voters elect the Mayor, Treasurer and five Council Members to four-year terms. The Town has approximately 35 employees. Services provided by the Town include fire protection, street improvements, parks and general administrative services. The Town also owns and operates five utility systems: water, sewer, refuse, street and stormwater. The Town's general fund budget for 2003 was \$1.9 million.

AUDIT HISTORY

We audit the Town annually. The past five audits have generally noted the Town's compliance with laws and regulations. However, we identified one area of concern during the 1998 audit that was significant enough to be reported as a finding. No findings were reported in the current audit period.

Town officials have taken steps to correct all of the deficiencies noted in prior findings. In addition, management has been very responsive to audit recommendations. Audit concerns are often discussed, addressed and resolved before completion of our audit. This reflects the Town's commitment to maintain a strong financial system with sufficient internal controls.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
City Council:

Gary Boothman
William LaPorte
Wally Gillette
David Jones
Carrie Brooks
Howard Rosenfeld

Treasurer

Wendy Picinich

APPOINTED OFFICIALS

Administrator
Clerk
Attorney

C. King Fitch
Kelle' Wilson
Don Eaton

ADDRESS

Town

PO Box 219
Friday Harbor, WA 98250
(360) 378-2810
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www.fridayharbor.org

Audit Areas Examined

Town of Friday Harbor San Juan County January 1, 2003 through December 31, 2003

In keeping with general auditing practices, we do not examine every portion of the Town of Friday Harbor's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Town were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the Town's accountability in the following areas:

- Revenues
- Travel expenses
- State loans
- Payroll
- Purchase of goods and services
- Public works contracts

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Ethics/conflict of interest laws
- Open Public Meetings Act
- Debt limitation
- Debt covenants
- Budgeting requirements
- Competitive bid law compliance
- Use of restricted funds

FINANCIAL AREAS

Our opinion on the Town's financial statements is provided in a separate report. That report includes the Town's financial statements and other required financial information. We examined the financial activity and balances of the Town including:

- Cash and investments
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements